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25 NOV 1966

Noted

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Employment of Retired Former Government Employees

REFERENCE : The Director of Personnel's Third Quarterly Report
on Retired Government Civilian Annuitants

1. This memorandum is for information only.

2. Pursuant to your request, I have had a review made of the Agency's policies, procedures, and practices concerning the re-employment of retired Government employees. We did not attempt an exhaustive examination of the subject; however, we did make inquiries in sufficient depth to permit us to arrive at conclusions that I consider valid.

4. We were surprised to find that the opportunities for post-retirement employment by CIA exceed the supply of retiring CIA employees who are qualified for the jobs available and who are interested in remaining in the Washington area and in working for CIA. For one thing, the larger programs that can absorb a fair number of

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retirees, such as those of Records Integration Division and of the Historical Staff, are looking for individuals with certain types of experiences or talents, and relatively few qualify. For another, many retirees had worked under social security before their government service began but had not earned enough credit to be insured. By taking short-term private employment, even at fairly low wages, they can earn the additional credit needed for social security benefit payments of \$135 to \$170 per month. Continuing to work for the Government for more than one but less than five years gives the annuitant a supplemental annuity, but it does not increase his survivor benefit, and it gives him no additional credit toward a social security annuity.

5. Statistics in usable form are not available on the number of annuitants who have been re-employed in years past and who have since been terminated. From data available on retired former employees of CIA who currently have a contractual or employee relationship with the Agency, there appears to be a fair degree of correspondence between the total number of retirees and the number of re-employed annuitants. This is to be expected in a labor market where demand exceeds supply: the more employees there are retiring, the greater are the chances of finding those with the peculiar qualifications sought. At Tab C is a rough line graph comparing total retirements with annuitant re-employments. The vertical scale is comparative rather than absolute, and the curves are flattened by plotting changes between calendar quarters and by interpolating between extremes. The curves show a gradual rise in both retirements and annuitant re-employments until late 1965. The sudden upsurge in retirements in 1965 is matched by a substantial increase in annuitant re-employments.

6. We were interested in discovering which factors most influenced the selection of a retiring employee for post-retirement employment by the Agency. These are some of the questions to which we sought answers.

a. How does a retiring employee learn of post-retirement employment opportunities within the Agency?

b. How do the managers of the larger programs using retired employees find and select individuals with the needed qualifications?

c. Is the financial need of the retiree a major consideration?

d. Is the employee who most vigorously protests retirement the one most likely to get post-retirement employment? To put it colloquially, does the wheel that squeaks the loudest get the grease?

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e. How many of these annuitants secured post-retirement employment through private deals with a friend or sponsor?

7. We do not have definitive answers to all of the above questions. We are addressing our attention to [redacted] a quite small sampling. Generalizing from the particular risks distortion. These are our conclusions keyed to the above questions.

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a. There is no mechanism through which the retiring employee may systematically search out post-retirement job possibilities with the Agency. The services of the Retiree Placement Branch (formerly known as Outplacement Services) are available to the retiring employee, but its concern is primarily with placement opportunities on the outside. It does review the qualifications of the employee in advance of his retirement date, and if he appears to have the qualifications sought in one of the programs, his name is forwarded to the manager of the program. With the exception of those in the historical program, the more senior professional employee who gets a post-retirement job with the Agency usually does so on his own initiative and through his own contacts. The non-professional employee must rely on those who are continuously searching for candidates for the various post-retirement employment programs.

b. There appear to be quite good mechanisms through which the managers of the larger programs find suitable retirees. The chief of the Historical Staff, for example, reviews all likely candidates well in advance of retirement and makes his interest known to the prospective retiree. The Retiree Placement Branch provides a like service for the Records Integration Division program.

c. We find little evidence of the financial need of the retiree being seriously taken into account in the decision to offer post-retirement employment. Of the cases we examined, the only one that we could positively identify as being related

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[redacted]

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d. There is some evidence that "the wheel that squeaks the loudest is the one that gets the grease," but the instances of this having happened are too few to support a conclusion that this is generally so. We found instances in which employees who had vigorously protested retirement wound up with post-retirement employment by the Agency, but we found many more cases of loud protestants who were sent on their ways.

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e. We found it impossible to single out with certainty those annuitants who secured post-retirement employment through private deals with a friend or sponsor. We think it likely, though, that a fair number of the more senior professionals who were not hired under one of the major programs got their contracts through private deals and probably at fairly high levels in the Agency. Those involved in the administration of annuitant rehiring believe they can spot some of the contracts that deviate from the normal pattern.

8. To determine whether there was satisfactory documentation on the circumstances of post-retirement employment, we selected ten names from the Director of Personnel's quarterly report. The names chosen were those of contract employees or contract agents whose terms of employment appeared in some way suspect from the data set forth in the quarterly report. We then reviewed the files in Contract Personnel Division on each of these individuals. These are our findings.



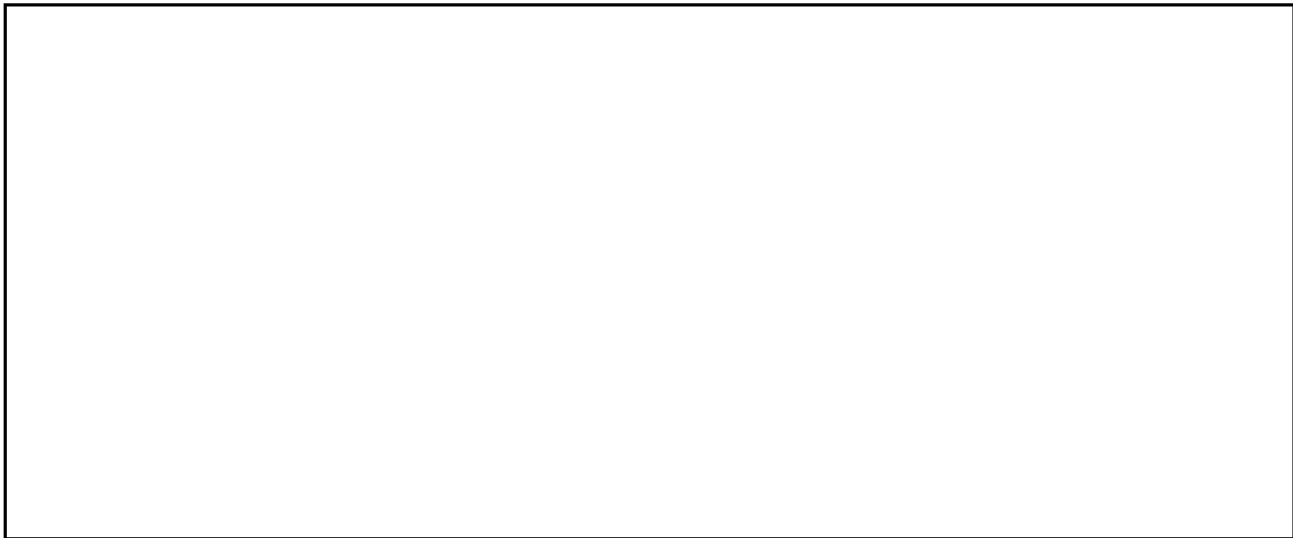
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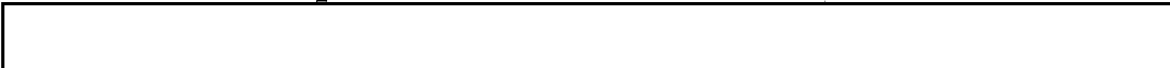


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9. Several employees are listed as receiving salaries under contract in excess of the salaries being paid at the time of retirement. For example, [redacted] listed as being employed by RID are earning more than they were paid at the time they retired. In each case we found that the difference was accounted for by legislative pay increases.

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10. We also questioned the durations of several of the contracts.



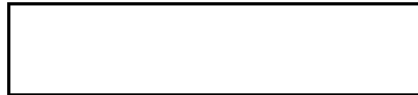
months for another. Upon investigation we find that the duration of contract is not descriptive of the duration of the initial contract. It is the total of months worked under earlier contracts plus the months yet to go on the current contract. Normally, the contract does not exceed two years.

11. Our over-all impression of the Agency's program for the re-employment of civilian annuitants of the Government is highly favorable. The activity is unusually well administered. The major individual programs such as those of RID and of the Historical Staff, are approved as programs and hiring against them is on the basis of the candidate's qualifications. Singleton hires are more susceptible to abuse, but there are sufficient controls to hold such abuse to a minimum. The singleton hire requires the approval of the appropriate deputy director. We examined one case in which the DD/P had twice rejected the justification for hire that was submitted to him. The DD/P's Special Assistant for Non-Staff Personnel rides herd on rehiring of retired annuitants and the evidence suggests that he is doing it conscientiously. Often the documentation supporting the rehire is retained within the Clandestine Services, but we are satisfied that when the contract request is submitted to CPD for action it is based on a sufficient internal justification.

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12. The consistency with which the program has been administered is somewhat surprising in view of the fact that it has operated without benefit of written procedures. The Clandestine Services issued a book dispatch to stations and bases only in May of this year. An Agency-wide Headquarters Notice was circulated for coordination this past July. It has not yet been published, although it is soon to be issued. That the program has progressed as smoothly as it has is a tribute to the conscientious efforts of those involved in its administration and to the excellent coordination among them.



/s/ J. S. Earman
Inspector General

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Attachments
(Tabs A, B, and C)

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